

Approved: 2/7/94
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on February 2, 1994 in Room 519-S of the Capitol.

All members were present except: Representative McKinney, excused
Representative Pottorff, excused
Representative Wagnon, excused

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Bill Edds, Revisor of Statutes Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
Mark Tallman, Kansas Association of School Boards

Others attending: See attached list

Chairperson Roe opened the hearing on SB 462.

SB 462 - school district finance; ad valorem tax levy for 1994-95 and 1995-96 school years.

Mark Tallman, Kansas Association of School Boards, testified they support SB 462 to maintain the sources of revenue projected by the 1992 act. He said that KASB supports the concept of a minimum mill levy; however, at some point, the Legislature may need to adjust the 35 mill rate (Attachment 1).

Written testimony in support of SB 462 was submitted by the Kansas National Education Association (Attachment 2).

The Chair concluded the hearing on SB 462.

The Chair distributed copies of information on receipts of the mortgage registration tax as published in *Tax Facts* (Attachment 3).

Chairperson Roe directed the Committee to turn to HB 2613.

HB 2613 - drug tax enforcement administration.

A motion was made by Representative Empson, seconded by Representative Rock, to pass HB 2613 favorably. The motion carried.

The Chair directed the Committee to turn to HB 2746.

HB 2746 - enjoinder of certain persons from engaging in business.

A conceptual motion to amend HB 2746 was made by Representative Lowther, seconded by Representative Rock, to restore the language in lines 26 through 31 and to give the secretary the option of not dismissing the injunction.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on February 2, 1994.

A substitute motion was made by Representative Adkins, seconded by Representative Lowther, to amend HB 2746 to clarify that the Secretary would be required to dismiss injunctions when taxpayers have become current with their liability and would be authorized to dismiss injunctions when taxpayers have entered into an agreement to do so. The motion carried.

A motion was made by Representative Wilk, seconded by Representative Wiard, to pass favorably HB 2746 as amended. The motion carried.

The Chair directed the Committee to turn to HB 2749.

HB 2749 - income tax warrant.

A motion was made by Representative Larkin, seconded by Representative Brown, to report HB 2749 favorably for passage. The motion carried.

The minutes of January 28 and February 1, 1994, were approved as read.

The meeting adjourned at 9:40 a.m.

The next meeting is scheduled for February 3, 1994.

DATE 2/2/94

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REPRESENTING

[illegible]



**Testimony on S.B. 462 Before the House Committee on Taxation
By Mark Tallman, Director of Governmental Relations**

February 2, 1994

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear today in support of S.B. 462. This bill would extend the statewide mill levy established under the 1992 school finance act, which was found unconstitutional by the Shawnee County District Court. We understand that none of the parties are appealing this portion of the court's ruling.

If the Legislature does not undertake a comprehensive overhaul of the school finance system this session, pending final court action and further study, we support this bill to maintain the sources of revenue projected by the 1992 act. KASB does support the concept of a minimum mill levy. However, we would note that, at some point, the Legislature may need to adjust the 35 mill rate, either to provide additional property tax reductions, or to increase revenue from a statewide property base.

Thank you for your consideration.

2/2/94

House Taxation Cmte
Attachment 1



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612-1686

Craig Grant Testimony Before
House Taxation Committee
Wednesday, February 2, 1994

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas NEA. I appreciate this opportunity to present written testimony to the committee today about SB 462, the bill to set the school district finance ad valorem tax levy for the school years of 1994-95 and 1995-96.

As everyone knows, there are differing opinions about the proper way of funding schools in this state. The court system will most likely be the final arbiter of the constitutionality of any system we have put into place.

Until the time of that final decision, I believe the one thing we should agree upon is that we should not lower the educational opportunity of our students by totally underfunding the school finance formula. The only possible way to fund the formula for next year at any acceptable level is to reenact the ad valorem tax levy in a way to satisfy the recent court decision.

For this reason, Kansas certainly supports SB 462 and asks that the committee and the legislature pass favorably on the bill. Thank you for considering the concerns of our 24,000 members.

*2/2/94
House Taxation Cmte
Attachment 2*

Mortgage Registration Tax

Enacted: 1915; tax held unconstitutional in 1915; re-enacted in 1925 following 1924 constitutional amendment authorizing classification of certain property, including mortgages (Art. 11, Sec. 1).

Statutory Citation: K.S.A., Ch. 79, Art. 31.

Administration and Collection: County Register of Deeds.

Collection Period: Tax due when mortgage filed for recording.

Tax Base: Principal debt or obligation secured by a mortgage on real property, or renewal or extension thereof.

Present Rate: 26 cents per \$100 or major fraction thereof; tax is in lieu of other taxes.

History of Tax Rates: Original 1915 law -- 15 cents per \$100, with a limit of \$5,000 on the tax obligation; 1925 law -- 25 cents per \$100, no limitation on tax; 1990 law -- 26 cents per \$100, no limitation on tax.

Disposition of Revenue: Revenue from 1 cent of the tax (but not more than \$100,000 per year in any county) to Heritage Trust Fund administered by State Historical Society; balance to County General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	19,303	FY 1990	\$	12,242
FY 1992		13,299	FY 1989		14,433
FY 1991		12,184	FY 1988		17,863

2/2/94
House Taxation Cmte
Attachment 3